

Message Text

UNCLASSIFIED

PAGE 01 BONN 00675 01 OF 02 131608Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-06 CEA-01 L-03 H-02 PA-02 PRS-01 /114 W
-----007627 131627Z /50

R 131543Z JAN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4742
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION USBERLIN
USMISSION USNATO
AMCONSUL FRANKFURT
AMCONSUL MUNICH
AMCONSUL DUSSELDORF
AMCONSUL BREMEN
AMCONSUL HAMBURG
AMCONSUL STUTTGART
CINC USAFE RAMSTEIN
CINC USAREUR HEIDELBERG
CINC EUR VAIHINGEN

UNCLAS SECTION 01 OF 02 BONN 00675

USEEC, USOECD ALSO FOR EMBASSY

DEPARTMENT PASS TREASURY, FRG AND CEA

E.O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: ECONOMIC MINISTRY QUALIFIES 3.5 PERCENT GNP
GROWTH PROGNOSIS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 00675 01 OF 02 131608Z

REF: BONN 21366

1. SUMMARY: ECONOMIC MINISTRY OFFICIAL CALLS 3.5 PERCENT
GNP GROWTH FOR 1978 (YEAR OVER YEAR) A VERY AMBITIOUS
GOAL AND HINTS FRG MAY NOT REACH IT. BOTH OR MEDIOCRE ECONOMIC
PROSPECTS. END SUMMARY.

2. STATE SECRETARY OTTO SCHLECHT OF THE ECONOMIC MINISTRY PRESENTED TO THE FRG PUBLIC SECTOR ECONOMIC COUNCIL (KONJUNKTURRAT) OF FEDERAL AND STATE ECONOMIC MINISTERS ON JANUARY 12 A REAL ECONOMIC GROWTH PROJECTION OF 3.5 PERCENT, BUT INDICATED THAT THIS WAS AN AMBITIOUS GOAL WHICH MIGHT BE DIFFICULT TO ACHIEVE IN 1978 GIVEN UNPROMISING DOMESTIC AND FOREIGN CIRCUMSTANCES. FRG

WILL ESTABLISH OFFICIAL GROWTH TARGETS IN ANNUAL ECONOMIC REPORT TO BE ISSUED AT END OF MONTH. FINANCE MINISTER APEL IN TELEVISION INTERVIEW ON JANUARY 11 INDICATED THAT HE WAS LEANING TOWARD THREE TO 3.5 PERCENT FOR 1978.

3. SCHLECHT NOTES THAT YEAR OVER YEAR GROWTH OF 3.5 PERCENT FOR 1978 WOULD REQUIRE AN AVERAGE RATE DURING THE YEAR OF 4.5 TO 5 PERCENT. (TREND OF GROWTH WAS ALMOST FLAT IN 1977). ACCORDING TO THE PRESS SCHLECHT SAID THAT THE EXPERTS FELT THAT THAT MUCH ACCELERATION IS "NEARLY IMPOSSIBLE". SCHLECHT BLAMED INVESTOR HESITANCY, UNCERTAINTY ABOUT WAGE INCREASES, GROWING TRADE PROTECTIONISM, AND DOLLAR WEAKNESS FOR THE PRESENT GLOOMIER OUTLOOK.

4. PRESS REPORTS (CONFIRMED BY INTERNAL WORKING PAPER UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 00675 01 OF 02 131608Z

MADE AVAILABLE TO US) ECONOMIC MINISTRY'S GROWTH ESTIMATES FOR 1978 AS FOLLOWS. RECENT ESTIMATES OF OTHER WELL-KNOWN PROGNOSTICATORS ARE PROVIDED FOR

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 00675 02 OF 02 131604Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-06 CEA-01 L-03 H-02 PA-02 PRS-01 /114 W

-----007579 131626Z /50

R 131543Z JAN 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4743

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION USBERLIN

USMISSION USNATO

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL DUSSELDORF

AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL STUTTGART

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

UNCLAS SECTION 02 OF 02 BONN 00675

PURPOSES OF COMPARISON.

REAL PERCENTAGE INCREASE 1978/1977

ECON MIN ECONOMIC ECONOMIC OECD 1977

EXPERTS INSTITUTES' (PROVISIONAL)

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 00675 02 OF 02 131604Z

CONSENSUS

PRIVATE

CONSUMPTION	3	3	2.5	3.25	3
-------------	---	---	-----	------	---

GOVERNMENT

CONSUMPTION	3	3.5	2.5	-	-
-------------	---	-----	-----	---	---

INVESTMENT IN

FIXED ASSETS	5	5	3.5	4	3.5
--------------	---	---	-----	---	-----

(PUBLIC

INVESTMENT) (6.5)

(BUSINESS

INVESTMENT) (5.0)

(RESIDENTIAL

CONSTRUCTION)(4.5)

EXPORTS	5-5.5	5	5.5	-	4.5
---------	-------	---	-----	---	-----

GNP	3.5	3.5	3.0	3.25	2.4
-----	-----	-----	-----	------	-----

CPI DEFLATOR - 3.5 4.0 4.0 3.9

5. ECONOMIC MINISTRY FORESEES IMPORTS EXPANDING AT A MORE RAPID PACE THAN IN 1977 (FIVE PERCENT) AND ALSO FASTER THAN EXPORTS IN 1978. THE NET FOREIGN BALANCE, IT CLAIMS, WILL NOT INCREASE.

6. MINISTRY'S WORKING PAPER INDICATES THAT ABOVE MENTIONED CONSTRAINTS NARROW VERY TIGHTLY FRG'S FREEDOM OF ACTION. IT REJECTS IN PARTICULAR THE VIEW THAT THE GERMAN ECONOMY CAN BE A "LOCOMOTIVE" TO OTHER LAGGING WESTERN ECONOMIES, ARGUING IN THIS CONNECTION THAT THE GERMAN ECONOMY IS MUCH MORE DEPENDENT ON EXPORTS THAN THE OTHER TWO OFTEN MENTIONED CANDIDATES FOR THAT ROLE, THE U.S. AND JAPAN.
STOESSEL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN00675
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780020-0738
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780167/aaaacecc.tel
Line Count: 185
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d02afce3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 BONN 21366
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3779532
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC MINISTRY QUALIFIES 3.5 PERCENT GNP GROWTH PROGNOSIS UNCLASSIFIED
TAGS: EFIN, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d02afce3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014